

## Research Article

# Corporate Social Responsibility and the Extent of Its Implementation in Host Community

Sunday Ewah, Ph.D., Patrick Igbaji, Ph.D. and Felix B. Iyang

Cross River University of Technology, Faculty of Management Sciences, Ogoja Campus  
Cross River State, Nigeria

Corresponding Author Email: soniewah@yahoo.com

**Received:** Feb 15, 2019

**Accepted:** Feb 22, 2019

**Published:** Feb 26, 2019

**Abstract:** The topic of this research work was based on corporate social responsibility and the extent of its implementation on host community. Four research objectives, questions and hypotheses were formulated to address the problem of the study. The main instrument for data collation was questionnaire, administered to 245 respondents in the geographical area where the companies are situated and where the research took place. The researchers tested the hypotheses using Analysis of Variance (ANOVA) as the statistical tool and the main findings include; companies operating in quarry sites in Akamkpa local government area were not sensitive to their corporate social responsibility, and thus were not ready to incorporate it in their business mix, but place emphasis on maximizing economic benefits. Also other findings indicated that amongst the four major CSR strategies companies propensity to adopt reactive strategy was most likely compared to defensive, accommodative and proactive strategies, because the strategy deny accepting responsibility. The last hypothesis confirmed companies' unwillingness to contribute to sustainable economic development for the benefit of host communities. And it was concluded and recommended that despite firms and businesses interest in profit maximization, it is also important for firms and businesses to impact socially on its immediate society and environment. Both interests should be pursued simultaneously.

**Keywords:** CSR, Communities, Profit Oriented, Companies, Reactive Strategy, Behavior.

## Introduction

Business organizations and corporate firms that produce goods and services do that for different reasons. Some produce and sell to final consumers' others produce and sell to resellers with the intention of maximizing profits and the satisfaction of consumers or buyers. Which of cause was the traditional way of practicing business, but today business requires corporate firms, despite their profit motive of business transactions, they should consider their immediate environment, community members and potential customers in all planning policies of their organizations. Today, more than ever, it is far less acceptable for any one in business to stand before the public and declare that business or an organization's main aim is to make as much profit as possible.

The public and consumers are wary of the abuse of power and the betrayal of trust, and marketing managers and indeed managers of all types of organizations and products are expected to make a wide variety of economic and social contribution (Kreitner, 1995). Economic and social contribution here implies profit generation as a firm and care for society's wellbeing or individuals. And a business or firm that behaves in this manner is socially responsible, or willing to be socially responsible. Which implies the action taken by

businesses that further some social good beyond the interests of the firm and that which is required by law and how business behaviour impact on society and thus involves the process of integrating business and society needs? Social responsibility demands that companies and marketers accept an obligation to give equal weight to profits, consumer satisfaction and social wellbeing in evaluating their firm's performance. In a previous study conducted on the world's 250 largest organizations, it was revealed that the main objective why organizations and companies decided to engage in social responsibility projects was because of the ethical consideration, that it was in their best interest to contribute to healthy societies, ecosystem, economies and usher the associated economic benefits that corporate social responsibility (CSR) will bring in order to enhance the long-run financial position of businesses and organizations (KPMG, 2008).

To a large extent the issue of corporate social responsibility vary and of extreme responses from professionals and business community. At one end it was opined that corporate social responsibility should not be consider as part of companies task. This was the view of Adam Smith and Milton Friedman that the only responsibility of business or company is to perform the economic functions efficiently and provide goods and services for society and earn maximum profits. It is believed that by doing so, market forces will ensure that business performs its economic function and leaves the social function to other institutions of society such as the government. However, this view has been criticized on several grounds, particularly the inadequacy of the market forces and competition to ensure social accountability (Kazmi, 2008).

At the other extreme, there is an opposite view which favours that it is imperative for businesses to be socially responsible. This is based on the argument that business organizations area part of society and have to serve primarily, societal interests, rather than narrow economic objective such as profit generation. In doing so, they have to deal with social concerns and issues and have to allocate resources for solving social problems. (Kazmi, 2008).

In between the two extreme views, there is considerable support for the opinion that all business organizations should not attempt to solve all or every type of social problems. Rather, social responsibility should be discharged in such a manner that corporate competence acts as a limitation and the scope of corporate social responsibility is limited to those areas where the business organization can achieve its self-enlightened interest. In order words, the economic goals and corporate social responsibility objectives needs not be contradictory to each other and should be achieved simultaneously. In another opinion, the rationale for CRS as defined by Hillman and Kein (2001) is based on two propositions. First there is a moral imperative for businesses to do the right thing without regard to how such decisions affect firm performance (the social issues position) and second firms can achieve competitive advantage by tying CSR activities to primary stakeholders (the stakeholder argument) operation.

To buttress and stress what led the researchers to carry out this study is the case of some companies operations in Akamkpa local government area, which need to be mentioned. First and foremost, it is one of those few local government areas in Cross River State Nigeria that is highly endowed with both material and human resources that has tremendously boosted the economy of the state. But of recent it is discovered that some of the companies doing businesses in that part of the state are not living up to their corporate social responsibilities. These companies domiciled in Akamkpa are into quarry business – that is the excavation of

stones and lime stones from the earth soil as finished products and market to prospective buyers within and outside the state using different outlets. The companies pile trailers or truck loads of process products on a daily basis for onward movement to their nearest markets and reasonable sums of money fill operators coffers at the end of each expedition. These companies are more interested in their economic motives of doing business, which is profit maximization and self-interest not considering other options. In each of the company's exploit reasonable quantity of the product is excavated without much concern about the aftermath effects of the exploration to the immediate environment and the citizenry. The vibration from heavily operated equipments, the smoke that emanates from heavy duty machines and equipments, and by-product-dust may be hazardous to the extent of creating health problem to the members of the host community leaving close to where the quarry factories are situated.

The present dispensation of business transaction requires fair treatment from participating companies to host communities especially where the companies' factories and depots are located. This is because the excavation of the resources or products for today's uses or benefits (which of course to companies) means the scarcity of the products for future use (disadvantaged to future host generation) if nothing is done in the form of implanting social responsibility to cushion the effects of companies activities or measures put in place to cut down their excesses. If we may ask, since the excavation of stones by these companies in this area, what reasonable display of social economic projects have they carried out for the benefit of host communities? To worsen issues government infrastructure within the quarry rich town are gradually decaying and yearning for replacement or rehabilitation. Which the companies are equally using, yet the companies seem not to be socially oriented, talk less of inculcating corporate social responsibility as one of its cardinal focus. The government often picked penults as taxes for the companies engaging in the business—stone cash. This alone has propelled the urge to carry out a study of this nature.

### **Objectives of the study**

- 1) To find out if the companies are sensitive to socially responsible behaviour
- 2) To find out if the companies are more interested in economic gains than its corporate social responsibility.
- 3) To find out which of the corporate social responsibility strategy that some companies pursue.
- 4) To find out if the companies are willing to contribute to sustainable economic development for the benefits of the host communities.

### **Research questions**

- 1) Are you sure that this companies operating in Akamkpa are not sensitive to socially responsible behave?
- 2) Are the companies more interested in economic gains instead of introduction of corporate social responsibility programmes?
- 3) If you may suggest, which of the corporate social responsibility strategy, do you think the companies will introduce?
- 4) Are the companies willing to contribute to sustainable economic development for the benefit of the host communities?

### **Research Hypotheses**

The study research hypotheses are formulated both in the null ( $H_0$ ) and the alternative ( $H_1$ ) form. The four hypotheses are stated below:

### **Hypothesis One**

H<sub>0</sub>: Companies operating in Akamkpa quarry sites are not sensitive to their corporate social responsibilities.

H<sub>a</sub>: Companies operating in Akamkpa quarry sites are sensitive to their corporate social responsibilities.

### **Hypothesis Two**

H<sub>0</sub>: Companies are not interested in incorporating social responsibilities, but place more emphasis on maximizing economic gains.

H<sub>a</sub>: Companies are interested in incorporating social responsibilities and place less emphasis on maximizing economic gains.

### **Hypothesis Three**

H<sub>0</sub>: There is no significant difference between corporate social responsibilities and reactive strategy as preferred option of companies.

H<sub>a</sub>: There is significant difference between corporate social responsibilities and reactive strategy as preferred option of companies.

### **Hypothesis Four**

H<sub>0</sub>: Some of the companies are not willing to contribute to sustainable economic development for the benefit of the host communities.

H<sub>a</sub>: Some of the companies are willing to contribute to sustainable economic development for the benefit of the host communities.

### **Review of related literature**

Social Responsibility demands that marketers accept an obligation to give equal weight to profits, consumer satisfaction, and social wellbeing in evaluating their firm's performance. They must recognize the importance of relatively qualitative consumer and social benefit as well as the quantitative measures of sales, revenue, and profits by which firms have traditionally measured market performance. Social responsibility allows for easier measurement than marketing ethics. Government legislation can mandate socially responsible actions. Likewise consumer activism can also promote social responsibility by business. In some cases, government actions may force firms to exhibit socially responsible manner and behaviour in matters of environmental policy, deceptive product claims, and so forth. Further more consumers, through their power of making repeat or withheld purchases, may force marketers and companies to provide honest and relevant information, fair prices, and so forth. The researchers decided to handle the remaining part by first exploring the definitions of the subject matter, which is corporate social responsibility (CSR).

It is pertinent to mention that although the idea of corporate social responsibility has existed for more than half a century, there is still no consensus over its definition. Corporate social responsibility generally refers to business practices that are based on the ethical values, compliance with legal regulations, and respect for people and the environment (Dahlsrud, 2006). Thus, CSR is a broad concept that can take many forms depending on the company and industry. We can therefore infer that corporate social responsibility (CSR) is a self-regulating business model that helps a company or business enterprise to be socially accountable to itself, its stakeholders and the general public. By practicing corporate social responsibility, companies can be conscious of the kind of impact they are having on all aspects of the society, such as economic, social, and environmental. For a company to engage in CSR means that in the normal course of doing business, a company is operating in ways

that enhance society and the environment, instead of contributing negatively to it (Mayton, *et al.*, 1994). Post, *et al.*, (1999) defined corporate social responsibilities as the means through which corporation or firm is held accountable for any of its action that affects the people, community and its environment.

Adeyanju (2002) is of the opinion that corporate social responsibility is concerned with treating the stakeholders of a firm ethically or in a socially responsible manner. In the case of Davis and Blomstrom, (1975) as reported by Aluko, *et al.*, (1998) described corporate social responsibility as the obligation of decision makers in an organization or enterprise to take actions which project and improve the welfare of society as a whole along with their interest. Conceptually Davis (1975) refers to corporate social responsibility as the business man's decisions and actions taken for reasons, at least partially beyond the firm's direct economic and technical interest. Also Bowen (1953) in Aluko *et al.*, (1998) said that corporate social responsibility are obligations to pursue those policies, to make these lines of actions which are desirable in terms of the objectives and values of our society. On a general note corporate social responsibility involves those actions or behaviours that are expected from the organization by the society. It is therefore an intelligent and objective concern for the welfare of the society. This restrains individual and corporate behaviour from any ultimately destructive activities, no matter how profitable it may be in the short-run, but lead the behaviour of the individual and corporate body in activities that are positive contribution to the betterment of the human society (Aluko *et al.*, 1998). CSR activities as listed by McWilliams, *et.al.*(2006) include incorporating social characteristics into products and manufacturing process, adopting progressive human resource management practices, achieving higher levels of environmental performance through recycling and pollution abatement and advancing the goals of community organizations.

Carroll and Shabana (2010) segmented the definition of corporate social responsibility into four separate parts, which include; economic, ethical, legal and philanthropic, and thus described it as a pyramid that the entire range of business responsibilities is premised. The economic component deals with the corporations' or businesses ability to make profit, the legal aspect highlights the organizations abilities to adhered to laws and regulations, while the ethical segment focuses on how organizations embraces values and norms, and the last but not the least, the philanthropic responsibility of companies which include actions that depicts good corporate citizen.

The World Bank defined CSR as the commitment of business to contribute to sustainable economic development by working with employees, the local community and the society at large to improve their live in ways that are good for business and development (Lantos, 2001). Corporate social responsibility can also sometimes be referred to as sustainable development and at such requires an organization to pay attention to economic, environmental and social impacts of its activities (Gray, Owen and Adams, 1996). Sustainability can be regarded as the practice of being accountable to stakeholders towards the aims of saving the planet and the people, while making profits from doing so (Gri, 2010).

The planet environmental, the people social, and the profit economic goals of (CSR). Sustainability development is often referred to as the triple bottom line which was a term coined by Elkington, (2010).All the definitions discussed above what they signify in summary is that corporate social responsibility fundamentally refers to actions taken by firms, companies, etc, which to some extent assist the society to achieve one or more of its objectives and society becomes worth living.



### **Theoretical Approaches to Corporate Social Responsibility**

**Stakeholders Theory:** The fundamental exposition of this theory is that organizations perform CSR activities because of the ethical demand and the need to manage the perception of powerful stakeholders that could exert adverse impact on organizations (Deegan, 2002). Therefore managers must satisfy a variety of constituents (such as workers, customers, suppliers, local community organizations) who can influence firms' outcomes, because it attempts to identify numerous different factions within the society to whom an organization or company may have some responsibilities or allegiance (Donaldson and Preston, 1995). Though the theory was originally detailed by Freeman in 1984. According to his view it is not sufficient for managers to focus exclusively on the needs of stockholders or owners of the business but rather it will be beneficial for the firm to engage in certain CRS activities that non-financial stakeholders perceive to be important.

**Legitimacy Theory:** This theory opined that organizations or companies are voluntarily indulged in CSR to show that they are conforming to the expectations and values of the society within which they operate (Gray, Kouhy and Lavers, 1995). In other words, businesses are bound by the social contract in which the firms agree to perform various socially desired actions in return for approval of its objectives and other rewards that ultimately generates its continued existence. This invariably implies the general perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions.

**Political Economy Theory:** This theory states that organizations and firms engage in CSR because they want to create a political arrangement that would in the long-run suit their private interest and benefits (Guthrie and Parker, 1990; Deegan, 2002).

**Classical Economic Theory:** This model can be traced to the earlier works of Adam Smith, father of the classical economic model, who believed that the effort of competing entrepreneurs had a natural tendency to promote public interest when each tried to maximize short-run profits, which he regarded as an invisible hand promoted public welfare. In other words the model specified that public interest was served by individuals pursuing their own interest.

This model has survived into modern times with the contributions of contemporary economist Milton Friedman who has no doubts about the role of business in the society. He believed that few trends could so thoroughly undermine the very foundation of our free society as the acceptance by corporate managers of a social responsibility other than to maximize wealth for stakeholders' as much as possible (Kreitner, 1995). The model is seriously anchored on short-run profitability and social responsibility of a firm as one and the same thing.

**Social Economic Theory:** This model depicts society's broader expectations of businesses and organizations. The general agitation is that time has come to revamp what society classified as an obsolete classical economic model that is no longer feasible in the present context. In its place, its proponents or opponent proposed a socio-economic model in which business is regarded as one subsystem amongst many in a highly interdependent society. They further opined that many groups in the society besides stakeholders have a stake in corporate affairs, such as customers, suppliers, employees, competitors, government, public and the society in general have expectations, often conflicting for management (Kreitner, 1995). The model capitalized on the fact that business has an obligation to respond to the needs of all stakeholders while pursuing profit.

### **Specific Obligation of Corporate Social Responsibility**

The CSR is composed of four basic obligations which include; economic, legal, ethical, and philanthropic responsibility.

**1) Economic Responsibility:** This obligation centers on firms' ability to generate revenue for the continued existence of the business as a going concern. And it is believed that any of the business ventures that cannot generate return on investment is doomed to perish. For the organized private sector businesses it is mandatory that profit must accrue to remain afloat, anything short of that means the venture is not worthwhile. But for nonprofit making organizations, they sometimes make money from their own activities as well as through donations and grants and plough it back into their work. For government own businesses it's almost difficult to ascertain their performance level in terms of profit making. Most government investment over the years have not turn in profit rather those saddled with the responsibility to make them grow and generate capital convert all into their personal treasury. The bottom line is firms, businesses, organizations etc must make or generate profit, because without it, there is no business and business ethics.

**2) Legal Responsibility:** This requires corporate firms and businesses to operate within the ambit of law, i.e. adhered to rules and regulations as put in place by the government and other institutions. Like the previous, this responsibility is not controversial. What proponents of CSR argue however is that this obligation must be understood as a proactive duty, that is, laws are not boundaries that companies skirt and cross over if the punishment is minimal, instead responsible organizations accept the rules and a social good and make good faith efforts to obey not just the letter but also the spirit of the limits. In concrete terms, this is the difference between the driver who stays under speeds limit because he cannot afford to fault the law and the one who obeys because society as a whole is served better when we all agree to respect the law.

Sometimes corporate firms may not obey regulations and laws if not compelled to do so. The government has to make the penalty for offenders much severe or high. In the real sense of CSR vision of business it is believed that society's limits will be scrupulously obeyed, even if the punishment or fine is severe or mild.

**3) Ethical Responsibility:** It is expected that firms and businesses will do the right thing in the course of business transactions, by avoiding unethical behaviour in business. That means being ethical here implies corporate firms are not compelled by law but decide to obey the rules and regulations or code of ethics. This is the theory's keystone obligation, and it depends on a coherent corporate culture that views the business itself as citizen in society, with the kind of obligations that citizenship normally entails. For example many industrial plant produce, as an unavoidable part of their fabricating process, poisonous waste that are hazardous to human health and the environment. This waste should be well deposited in areas where the human element will be free of such hazard.

**4) Philanthropic Responsibility:** This is the willingness of business enterprises to contribute to society's development projects even without asking for such contributions. For example, an industrial chemical company may take the lead in rehabilitating an empty lot into a park. This act did not arise as obligations extending from the day to day operations of the business involved. They are not like the responsibility a chemical firm has for safe disposal of its waste. This public act of generosity represents a view that businesses have some obligation to support the general welfare in ways determined by the needs of the surroundings community.

## **Arguments For and Against Corporate Social Responsibility**

**Argument For:** Convinced that a business should be more than simply a profit making machine, proponents of social responsibility offered this argument below;

**1) Business is Unavoidably involved in Social Issues:** There is no denying that private businesses shares responsibilities for some of the societal problems, such as pollution, inflation, unemployment, infrastructure decay, poor business ethics, etc. Thus business will act as part of the solution or part of the problem and hence must balance their rights and responsibilities.

**2) Business has the Resources and Capacity to Handle Today's Complex Societal Problems:** Based on its available human and material resources, business can make use of its technical expertise, financial stronghold, managerial skills and resources to solve societal problems that may ensue. Therefore for business to thrive it needs society's support and patronage and business also to satisfy society's needs.

**3) Better Society as a Better Environment for Business:** The ideal society and environment for doing business is that which is free of rancor and conducive in terms of reduced business vulnerability. A business can enhance its long-run profitability by making an investment in society now, which is speculated to be a conglomerate in future despite initial set back.

**4) Corporate Social Action often Prevent Government Intervention:** As evidenced by waves of antitrust, equal employment opportunity and pollution control legislation, government will compel business or firm to do what it fails to do voluntarily. Thus the above argument to, give businesses and organizations a broad social economic agenda to function.

**Argument Against:** Based on the classical economic model, opponents of corporate social responsibility depend on the first two arguments below;

**1) Profit Maximization Ensure the Efficient Use of the Society's Resources:** When consumers collectively buy goods and services they dictate where assets should be deployed. Organizations and businesses involvement in social expenditure amount to theft of stockholders equity.

**2) Lacks the Ability to Pursue Social Goal:** As an economic institution or enterprise, a business firm or organization may not have the firm grip to pursue social goals. This can occur as a result of gross inefficiencies of managers, especially if businesses or organizations are compelled to divert their attention from the pursuit of economic goals for social goals.

**3) Too Much Business Power:** Contemporary businesses and organizations arrogates so much power to themselves in terms of deciding the price of a product, what to supply or sell, where to buy or not to buy, promote a product or not, induce and deceive customers, etc. Considering the fact that business exercises powerful influence, concentration of more social power in the hands of businesses is undesirable and unwelcome development.

**4) Misguided Corporate Social Programme:** The market system effectively controls business's economic performance but is a poor mechanism for controlling business's social responsibility or programme. And especially the activities of corporate managers who often are not accountable to customers.



To a large extent these argument are based on the assumption that business should stick to what it does best—pursuing profit by producing marketable products and services, while social goals and responsibilities should be handled by other institutions such as schools, government, non-governmental organizations (NGOs) religious bodies etc. Porter and Kramer (2006) developed the following argument in support of CSR;

**The Moral Appeal:** The argument that companies have a duty to be good citizens. The United States business association referred to as Business for Social Responsibility (2007) asked its members to achieve commercial success in ways that honour ethical values and respect people, communities and the natural environment.

**Sustainability:** An emphasis on environmental and community stewardship. As expressed by the World Business Council for Sustainable Social Development (2006) this involves meeting the needs of the present without compromising the ability of future generations to meets their own needs.

**License to Operate:** Every company needs tacit or explicit permission from the government, communities and other stakeholders to do business.

**Reputation:** CSR initiatives can be justified because they improve a company's image, strengthen its brand, enliven or boost morale and raise the value of its stock.

### **CSR Competency Framework**

The basis for developing a CSR strategy is provided by the following competency framework as enunciated below:

**Understanding Society:** Understanding how business operates in the broader context and knowing the social and environmental impact that the business has on society.

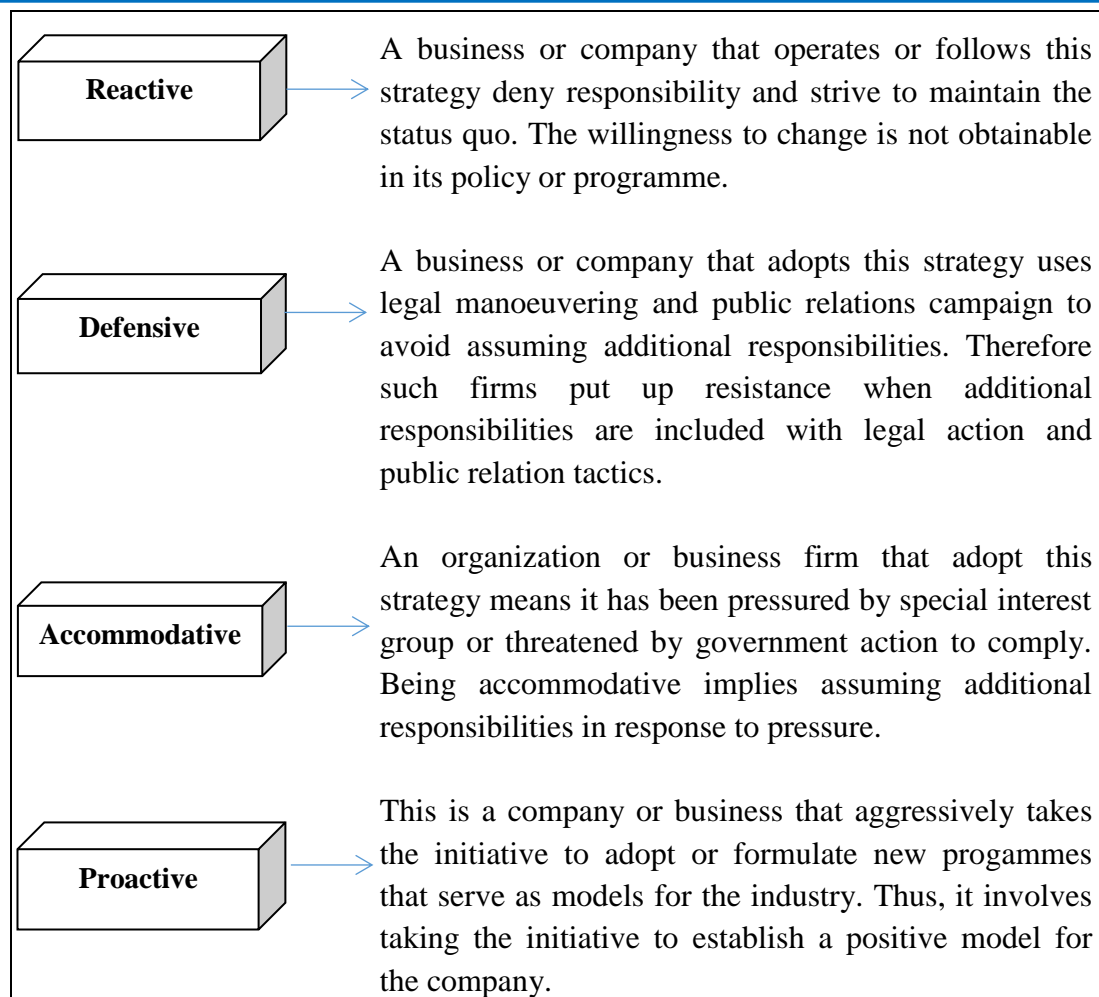
**Building Capacity:** it is important to build the capacity of others to help manage the business effectively. For example, suppliers understand the business's approach to environment and employees can apply social and environmental concerns in their day-to-day roles.

**Questioning Business as Usual:** Individuals continually questioning the business in relation to a more sustainable future and being open to improving the quality of life and the environment.

**Stakeholders Relations:** Understanding who the key stakeholders are and the risk and opportunities they present. Working with them through consultation and taking their views into account.

**Strategy View:** Ensuring that social and environmental views are included in the business strategy so that they are integral to the way the business operates.

**Harnessing Diversity:** Respecting that people are different, which is reflected in fair and transparent business practices.



**Figure 1. Continuum of Corporate Social Responsibility Strategies**

Source: Coined by the Researchers' 2017

**Note:** Amongst reactive, defensive, accommodative and proactive social responsibility strategies, corporate social responsibility school of thought or proponents would appreciate to see proactive strategy become management's preferred response in both good and bad times, because it serves the interest of the entire society and business organizations.

### **Ten Commandments of Corporate Social Responsibility**

The commandments are excerpted from the scholarly work of Alexander and Mathew (1984) and propagated by Kreitner, (1995) and further improved in quality by the researchers as indicated below;

- ✓ Businesses and organizations should take corrective measures and action before it is pronounced or required
- ✓ Businesses and other organizations should work with affected constituents to resolve problems mutually
- ✓ Businesses and companies are expected to admit their mistakes at all time to those they offend.
- ✓ Businesses and companies are encouraged to engage in one or more appropriate social programmes especially in host communities.
- ✓ Businesses and other organizations should help put in place checks that will guard against environmental degradation and correct likely environmental hazards and problems.

- ✓ Businesses and organizations should work as team members to establish industry wide standards and self-regulation strategy.
- ✓ Businesses and companies should monitor and be cautious of the dynamic social environment in order to attune to the changes.
- ✓ Businesses and practitioners should establish and enforce a corporate code of conduct or comply with established code of conduct and ethics.
- ✓ Businesses and other organizations are encouraged to participate in social issues that interest the general public or of concern to many in the society.
- ✓ Businesses and other organizations that are profit oriented are encouraged to put in their best in order to generate profit for their enterprises.

### Research Methodology

This study was carried out in Akamkpa Local Government Area of Cross River State in Nigeria, between the period 2016 and 2018. The empirical data were derived from respondents who were able to attest to the activities of companies doing business in the area during the period under review.

Therefore, in selecting the sample size for the study, the researchers were more interested in the characteristic of the respondents with the likelihood of responding to the research objectives, judging from a general point of view.

Consequently the researchers used Topman's formula to derive the desired sample size, which implies

$$n = \frac{Z^2 P \times Q}{E^2}$$

Where;

n = Sample Size;

Z = 1.96;

P = Probability of Positive Response;

Q = Probability of Negative Response;

E = 0.05 which represent the amount of error that can be permitted.

Using inferential judgment and convenience P is represented as 80%, suffice to say that sample size is only determined based on the circumstances and convenience, while being cautious of time, cost and precision (Anyanwu, 2000).

$$\text{Solution: } n = \frac{(1.96^2) \times 0.80 \times 0.20}{(0.05)^2} = \frac{3.841 \times 0.16}{0.0025} = 245.8$$

Mathematically it may be approximated to 246 as sample size, since the human element respondents cannot be in fraction. The model specification for the test of all the hypotheses formulated was the Analysis of Variance (ANOVA).

The individual that introduced the statistical model was Prof. R.S. Fisher, who equally explained its usefulness in practical research. It is therefore a procedure for testing the difference amongst different groups of data for homogeneity.

**Table 1 Formula for Computing ANOVA**

**Table 1. Summarized Formula for computing ANOVA**

Sources of Variation	Sum of Squares	Degree of Freedom	Mean	F. Ratio
Between means Explained by factor A	$SSA = r \sum (x_j - \bar{x})^2$	C-1	$MSA = \frac{SSA}{C-1}$	$\frac{MSA}{MSE}$
Within the Sample Error or Unexplained by factor A	$SSE = \sum (x_{ij} - \bar{x}_i)^2$	(r-1)c	$MSE = \frac{SSE}{(r-1)c}$	
Total	$SST = \sum (x_{ij} - \bar{x})^2$	rc-1		
Source: Fisher's ANOVA				

## Data Analysis and Interpretation of Result

**Table 2. Number of Questionnaires Distributed and Response Rate**

No. of Questionnaire Administered	No. of Questionnaire Returned	%	No. of Unreturned Questionnaire	%
246	245	99.6	1	0.4
Source: Researchers' Fieldwork, 2017				

Table 2 depicts the total number of questionnaire administered to the respondents in the locality. The actual number was 246 out of which 245 (99.6%) were returned and all the questions were answered satisfactorily. Only one (1) (0.4%) questionnaire that was not returned, which represent the invalid questionnaire. The result above indicated that the questionnaire used as instrument of/for data collection served the purpose and yield desired outcome, based on the commendable response rate and returned questionnaire. This help to facilitate the work of the researchers.

## Test of Hypotheses

### Hypothesis One

Ho: Companies operating in Akampka quarry site are not sensitive to their corporate social responsibilities.

Hi: Companies operating in Akamkpa quarry site are sensitive to their corporate social responsibilities.

**Table 3. Result of Test of Hypothesis one**

Sources of Variation	Sum of Squares	Degree of Freedom	Mean Square	F. Ratio Cal	F. Tab Val.
Explained between columns	SSA = 122.5	1	MSA = 122.5	1.31	5.32
Error Unexplained within columns	SSE = 746	8	MSE = 108.56		
Total	SST = 868.5	9			
Source: Researchers' Computation, 2017					

**Decision and Implication of Result:** The result of the test of hypothesis one clearly indicated that the calculated value of F. ratio is 1.31 and the value of F. distribution is 5.32 at 5% level of significance and 1 and 8 degree of freedom.

The implication of this result implies  $H_0$  is accepted and  $H_1$  is rejected. Thus the rejection of  $H_1$  invariably means that the calculated F. value is less than the F. table value, i.e. (cal. Val.  $1.31 < \text{table val. } 5.32$ ).

In summary, companies operating in quarry sites excavating stones (products) for commercial purposes are not willing to be sensitive to their corporate social responsibility. This is discussed elaborately in summary of findings.

### Hypothesis Two

$H_0$ : The companies are not interested in incorporating social responsibility, but place more emphasis on maximizing economic gains.

$H_1$ : The companies are interested in incorporating social responsibility, and place less emphasis on maximizing economic gains.

**Table 4. Result of Test of Hypothesis Two**

Sources of Variation	Sum of Squares	Degree of Freedom	Mean Square	F. Ratio Cal	F. Tab Val.
Explained between columns	SSA = 122.5	1	MSA = 122.5	0.93	5.32
Error Unexplained within columns	SSE = 1050	8	MSE = 131.25		
Total	SST = 1,172.5	9			

Source: Researchers' computation, 2017

**Decision and Implication of Result:** In hypothesis two, it was discovered that the calculated value of F. ratio is 0.93, while the table value of F. distribution is 5.32 at 5% level of significance and 1 and 8 degree of freedom.

The implication is that  $H_0$  is accepted and  $H_1$  is rejected. This is as a result of the fact that calculated F. value is less than F. table value, i.e. (cal. Val.  $0.93 < \text{table val. } 5.32$ ).

The results of the above hypothesis implies that most of the companies are not willing to incorporate social responsibility as part of what is expected of them in the course of their production processes, but all efforts are geared towards maximizing economic gains.

### Hypothesis Three

$H_0$ : There is no significant difference between corporate social responsibility and reactive strategy as preferred option of companies.

$H_1$ : There is significant difference between corporate social responsibility and reactive strategy as preferred option of companies.



**Table 5. Result of Test of Hypothesis Three**

Sources of Variation	Sum of Squares	Degree of Freedom	Mean Square	F. Ratio Cal	F. Tab Val.
Explained between columns	SSA = 122.5	1	MSA = 122.5	3.28	5.32
Error Unexplained within columns	SSE= 298	8	MSE = 37.25		
Total	SST = 420.5	9			
Source: Researchers' computation, 2017					

**Decision and Implication of Result:** The result from the test of hypothesis three showed that the calculated value of F. ratio is 3.28, while the table value of F. distribution is 5.32 at 5% level of significance and 1 and 8 degree of freedom. The implication is that  $H_0$  is accepted and  $H_1$  is rejected. The reason is that the calculated F. ratio is less than F. table value, i.e. (cal. Val. 3.28 < table val. 5.32). Referring to the earlier stated hypothesis means; there is no significant difference between corporate social responsibility and reactive strategy.

#### Hypothesis Four

Ho: Some of the companies are not willing to contribute to sustainable economic development for the benefit of the host communities.

Hi: Some of the companies are willing to contribute to sustainable economic development for the benefit of the host communities.

**Table 6. Result of Test of Hypothesis Four**

Sources of Variation	Sum of Squares	Degree of Freedom	Mean Square	F. Ratio Cal	F. Tab Val.
Explained between columns	SSA = 122.5	1	MSA = 122.5	1.97	5.32
Error Unexplained within columns	SSE = 496	8	MSE = 62		
Total	SS <sub>t</sub> = 618.5	9			
Source: Researchers' computation, 2017					

**Decision and Implication of Result:** The result of test of hypothesis four clearly indicated that the calculated value of F. ratio is 1.97, while the table value of F. distribution is 5.32 at 5% level of significance and 1 and 8 degree of freedom.

The implication of the above result implies that  $H_0$  is accepted and  $H_1$  is rejected. Thus the rejection of  $H_1$  invariably means that the calculated F. value is less than F. table value, i.e. (cal. val. 1.97 < table val. 5.32). In conclusion, some of the companies operating in the area are not willing to contribute to sustainable economic development for the benefits of the host communities.

### Discussion of Findings

When questionnaires were administered to respondents based on companies sensitivity to social responsibility, their responses and test of hypothesis one clearly indicated that there is so much insensitivity on the part of operating companies' willingness to address issues that premised on their corporate social responsibilities to host communities or inculcate it as one of their cardinal responsibility.

This finding is a departure from the work of Kazmi, (2008) which requires companies or businesses to be socially responsible, because they are part of the larger society and hence must impact on societal interest. Illustrating this point further, Gray, Owen, and Adam (1996) posits thus, organization should pay attention to environmental and social impacts of its activities and try to imbibe socially responsible behaviour. But this present finding is not in consonance with the above assertions as put forward by these scholars.

Therefore companies operating in Akamkpa quarry land are encouraged to be sensitive to the plight of their host communities and try as much as possible to introduce elements of socially responsible behaviour while pursuing their business interest. The test of hypothesis two and findings showed that most of the companies are more interested in maximizing economic benefits and give less regards to social responsibility.

This result is consistent with the classical economic model theory developed by Adam Smith and further emphasized by contemporary economist Milton Friedman who buttressed the need to maximize stakeholders wealth as much as possible (Kreitner, 1995). Their argument is that profit maximization ensures the efficient use of society's resources. But on the other hand the social economic model contradicts the present findings, because it viewed the classical economic model as being obsolete and no longer feasible in the present context and in its place a more holistic approach should be followed that accommodate the entire society's interest. Therefore the social economic model capitalized on the fact that businesses have a responsibility of meeting the needs of society; including corporate social responsibility (Kreitner, 1995).

Hypothesis three and its research findings indicated that there is no significant difference between corporate social responsibility and firms or businesses desire to choose reactive strategy which is a more or less easy way of firms refusing to adopt social responsibility dictates in their business profile. As far as corporate social responsibility is concern the firm or business may decide to adopt any of the strategies ranging from reactive, defensive, and accommodative to proactive. These were all explored in the related literature and hypothesized to arrive at the present conclusion. In support of this findings Kreitner, (1995) listed reactive, defensive, accommodative and proactive strategies which a business or firm may likely adopt if the firm or business so wish to impact on its immediate host community by being socially responsible i.e. responding to protect its business environment and introducing meaningful projects that will benefits all and sundry.

The last hypothesis and empirical findings from field work indicated that some of companies are not willing to contribute to sustainable economic development of the communities where they carry out or engage in their businesses. Under normal circumstances it is expected of businesses to contribute meaningfully towards the sustainability of both natural resources to avoid complete extinction and protection or rehabilitation of government infrastructures in the area where their factories or quarry sites are located. To support the above claim, it important to stress the scholarly contributions of Gray, Owen and Adams, (1996) who

referred corporate social responsibility to mean sustainability development that offer or pay attention to economic environment and the social impacts of firms daily activities. Thus, this school of thought encourages sustainable economic development. Furthermore, the implication of this research findings can better be appreciated as Gri, (2010), and Elkington (2010) more succinctly put it that sustainability is the practice of being accountable to stakeholders towards saving the planet and the people, while profit accrue from the process of doing business. Lantos (2001) also confirmed World Bank position on the part of firms to be commitment to behaviours that will foster sustainable economic development to improve the lives of individuals and the society at large.

### Conclusion and Recommendation

It is necessary to point out that all the studies that have been examined with regards to the research findings had been conducted under different conditions and with different objectives in mind, hence the presentation and conclusion of the researchers should be handled with absolute care and have the conviction that corporate social responsibility is anchored on businesses or companies willingness to pursue a common goal of economic benefits as well as society's benefits. Thus it is recommended that both interests should be pursued simultaneously.

**Conflicts of interest:** The authors declare no conflicts of interest.

### References

1. Aluko, M., Odugbesan, O., Gbadamosi, G. and Osuagwu, L. 1998. Business policy and Strategy. 2<sup>nd</sup> Edition, Pumark Nigeria Limited (Educational Publishers), Lagos, Nigeria.
2. Boone, L.E. and Kurtz, D.L. 1998. Contemporary Marketing. 9<sup>th</sup> Edition. The Dryden Press, Harcourt Brace College Publishers. Fort Worth, Philadelphia, Toronto.
3. Bowen (1953) in Aluko, M. *et al.*, 1998. Business policy and Strategy. 2<sup>nd</sup> Edition, Pumark Nigeria Limited (Educational Publishers), Lagos, Nigeria.
4. Carroll, A.B. and Shabana, K.M. 2010. The business case for corporate social responsibility: A review of concepts, research and practice. *International Journal of Management Reviews*, 12(1): 85-105.
5. Corporate Social Responsibility Management. <http://www.csr-norway.no/paper/2007dahlsrudCSR.pdf>
6. Dahlsrud, A. 2008. How corporate social responsibility is defined: an analysis of 37 definitions. *Corporate social responsibility and environmental management*, 15(1): 1-13.
7. Davis and Blomstrom (1975) in Aluko, M. *et al.*, 1998. Business policy and Strategy. 2<sup>nd</sup> Edition, Pumark Nigeria Limited (Educational Publishers), Lagos, Nigeria.
8. Davis, K. 1975. *The Challenges of Business*, New York, MacGraw-Hill.
9. Elkington, J. 2010. Ideas Beyond the Triple Bottom Line. <http://www.johnelkington.com/activities/ideas.asp>.
10. Gri Global Reporting Initiative. 2010. Sustainability Reporting Guidelines Online. <http://www.globalreporting.org/Reportingframeworkdownloads>
11. Guthrie, J. and Parker, L.D. 1990. Corporate social disclosure practice: a comparative international analysis. *Advances in Public Interest Accounting*, 3 (1): 159-175.

12. Hillman, A.J. and Keim, G.D. 2001. Shareholder value, stakeholder management, and social issues: what's the bottom line?. *Strategic Management Journal*, 22(2): 125-139.
13. Kazmi, A. 1995. *Business policy*, New Delhi; Tata McGraw-Hill Publishing Company Ltd.
14. KPMG. 2008. *International Survey of Corporate Responsibility Reporting* (Online) <http://www.kpmg.com/lu/en/issuesandinsights/articlespublications/pages/kmpginternationalurveyoncorporateresponsibility>.
15. Kreitner, R. 1995. *Management*. 6<sup>th</sup> Edition, Houghton Mifflin Company, Boston, Massachusetts, Printed in USA.
16. Lantos, G.P. 2001. The Boundaries of Strategic Corporate Social Responsibility *Journal of Consumer Marketing*, 18(7): 595-630.
17. McWilliams, A., Siegal, D.S., and Wright, P.M. 2006. Corporate Social Responsibility: Strategic implications. *Journal of Management Studies*, 43(1): 1-2.
18. Porter, M.E. and Kramer, M.R. 2006. Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility. <https://hbr.org/2006/12/strategy-and-society-the-link-between-competitive-advantage-and-corporate-social-responsibility>.

**Table 7. Computation for Test of Hypothesis One**

Respondents	False	True	Total
Civil servants	30	35	65
Self employed	20	30	50
Students	26	25	51
Business men	18	40	58
Others	11	10	21
<b>Total</b>	<b>105</b>	<b>140</b>	<b>245</b>

Source: Researchers' Fieldwork, 2017.

Working:

$$\bar{x}_1 = \frac{105}{5} = 21, \bar{x}_2 = \frac{140}{5} = 28$$

$$\bar{x} = \frac{105 + 140}{5 + 5} = \frac{245}{10} = 24.5$$

$$SSA = \left[ \frac{(21 - 24.5)^2}{5} + \frac{(28 - 24.5)^2}{5} \right] \times 5 = (12.25 + 12.25) \times 5 = 122.5$$

$$SSE = (30 - 21)^2 + (20 - 21)^2 + (26 - 21)^2 + (18 - 21)^2 + (11 - 21)^2 + (35 - 28)^2 + (30 - 28)^2 + (25 - 28)^2 + (40 - 28)^2 + (10 - 28)^2 \\ = 81 + 1 + 25 + 9 + 100 + 49 + 4 + 9 + 144 + 324 = 746$$

$$SST = SSA + SSE \\ = 122.5 + 746 \\ = 868.5$$

**Table 8. ANOVA Test of Hypothesis One**

Sources of Variation	Sum of Squares	Degree of Freedom	Mean Square	F. Ratio Cal	F. Tab Val.
Explained between columns	SSA = 122.5	$C - 1 = 2 - 1 = 1$	$MSA = \frac{122.5}{1}$	$\frac{MSA}{MSE} = \frac{122.5}{93.25} = 1.31$	5.32
Error Unexplained within columns	SSE = 746	$(r - 1)c = (5 - 1)2 = 4 \times 2 = 8$	$MSE = \frac{746}{8} = 93.25$		
Total	SST = 868.5	$rc - 1 = 5 \times 2 - 1 = 9$			

Source: Researchers' computation, 2017

**Table 9. Computation for Test of Hypothesis Two**

Respondents	False	True	Total
Civil servants	40	40	80
Self employed	25	15	40
Students	20	20	40
Business men	10	30	40
Others	10	35	45
<b>Total</b>	<b>105</b>	<b>140</b>	<b>245</b>

Source: Researchers' Fieldwork, 2017.

Working:

$$\bar{x}_1 = \frac{105}{5} = 21, \bar{x}_2 = \frac{140}{5} = 28$$

$$\bar{x} = \frac{105 + 140}{5 + 5} = \frac{245}{10} = 24.5$$

$$SSA = \left[ 5(21 - 24.5)^2 + (28 - 24.5)^2 \right] = 5(12.25 + 12.25) = 122.5$$

$$\begin{aligned} SSE &= (40 - 21)^2 + (25 - 21)^2 + (20 - 21)^2 + (10 - 21)^2 + (10 - 21)^2 + (40 - 28)^2 + \\ &\quad (15 - 28)^2 + (20 - 28)^2 + (30 - 28)^2 + (35 - 28)^2 \\ &= 361 + 16 + 1 + 121 + 121 + 121 + 144 + 169 + 64 + 4 + 49 = 1050 \end{aligned}$$

$$\begin{aligned} SST &= SSA + SSE \\ &= 122.5 + 1050 \\ &= 1,172.5 \end{aligned}$$



**Table 10. ANOVA Test of Hypothesis Two**

Sources of Variation	Sum of Squares	Degree of Freedom	Mean Square	F. Ratio Cal	F. Tab Val.
Explained between columns	SSA = 122.5	$C - 1 = 2 - 1 = 1$	$MSA = \frac{122.5}{1}$	$\frac{MSA}{MSE} = \frac{122.5}{131.25} = 0.93$	5.32
Error Unexplained within columns	SSE = 1050	$(r - 1)c = (5 - 1)2 = 4 \times 2 = 8$	$MSE = \frac{1050}{8} = 131.25$		
Total	SST = 1,172.5	$rc - 1 = 5 \times 2 - 1 = 9$			

Source: Researchers' computation, 2017

**Table 11. Computation for Test of Hypothesis Three**

Respondents	False	True	Total
Civil servants	18	30	48
Self employed	10	25	35
Students	32	30	62
Business men	25	30	55
Others	20	25	45
<b>Total</b>	<b>105</b>	<b>140</b>	<b>245</b>

Source: Researchers' Fieldwork, 2017.

Working:

$$\bar{x}_1 = \frac{105}{5} = 21, \bar{x}_2 = \frac{140}{5} = 28$$

$$x_1 = \frac{105 + 140}{5 + 5} = \frac{245}{10} = 24.5$$

$$SSA = \left[ 5 (21 - 24.5)^2 + (28 - 24.5)^2 \right] = 5 (12.25 + 12.25) = 122.5$$

$$\begin{aligned} SSE &= (18 - 21)^2 + (10 - 21)^2 + (32 - 21)^2 + (25 - 21)^2 + (20 - 21)^2 + (30 - 28)^2 + \\ &\quad (25 - 28)^2 + (30 - 28)^2 + (30 - 28)^2 + (25 - 28)^2 \\ &= 9 + 121 + 121 + 16 + 1 + 4 + 9 + 4 + 4 + 9 = 298 \end{aligned}$$

$$\begin{aligned} SST &= SSA + SSE \\ &= 122.5 + 298 \\ &= 420.5 \end{aligned}$$

**Table 12. ANOVA Test of Hypothesis Three**

Sources of Variation	Sum of Squares	Degree of Freedom	Mean Square	F. Ratio Cal	F. Tab Val.
Explained between columns	SSA = 122.5	$C - 1 = 2 - 1 = 1$	$MSA = \frac{122.5}{1} = 122.5$	$\frac{MSA}{MSE} = \frac{122.5}{37.25} = 3.28$	5.32
Error Unexplained within columns	SSE = 298	$(r - 1)c = (5 - 1)2 = 4 \times 2 = 8$	$MSE = \frac{298}{8} = 37.25$		
Total	SST = 420.5	$rc - 1 = 5 \times 2 - 1 = 9$			

Source: Researchers' computation, 2017

**Table 13. Computation for Test of Hypothesis Four**

Respondents	False	True	Total
Civil servants	37	21	58
Self employed	23	24	47
Students	15	32	47
Business men	18	33	51
Others	12	30	42
Total	105	140	245

Source: Researchers' Fieldwork, 2017.

Working:

$$\bar{x}_1 = \frac{105}{5} = 21, \quad \bar{x}_2 = \frac{140}{5} = 28$$

$$\bar{x} = \frac{105 + 140}{5 + 5} = \frac{245}{10} = 24.5$$

$$SSA = \left[ 5(21 - 24.5)^2 + (28 - 24.5)^2 \right] = 5(12.25 + 12.25) = 122.5$$

$$\begin{aligned} SSE &= (37 - 21)^2 + (23 - 21)^2 + (15 - 21)^2 + (18 - 21)^2 + (12 - 21)^2 + (21 - 28)^2 + \\ &\quad (24 - 28)^2 + (32 - 28)^2 + (33 - 28)^2 + (30 - 28)^2 \\ &= 256 + 4 + 36 + 9 + 81 + 49 + 16 + 16 + 25 + 4 = 496 \end{aligned}$$

$$\begin{aligned} SST &= SSA + SSE \\ &= 122.5 + 496 \\ &= 618.5 \end{aligned}$$

**Table 14. ANOVA Test of Hypothesis Four**

Sources of Variation	Sum of Squares	Degree of Freedom	Mean Square	F. Ratio Cal	F. Tab Val.
Explained between columns	SSA = 122.5	$C - 1 = 2 - 1 = 1$	$MSA = \frac{122.5}{1} = 122.5$	$\frac{MSA}{MSE} = \frac{122.5}{62} = 1.97$	5.32
Error Unexplained within columns	SSE = 496	$(r - 1)c = (5 - 1)2 = 4 \times 2 = 8$	$MSE = \frac{496}{8} = 62$		
Total	SST = 618.5	$rc - 1 = 5 \times 2 - 1 = 9$			

Source: Researchers' computation, 2017

**Citation:** Sunday Ewah, Patrick Igbaji and Felix B. Iyang. 2019. Corporate Social Responsibility and the Extent of Its Implementation in Host Community. International Journal of Recent Innovations in Academic Research, 3(2): 284-304.

**Copyright:** ©2019 Sunday Ewah, et al. This is an open access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.